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ABSTRACT

"A Nation at Risk" and other recent reports have focused public attention on excellence in education. During the same period, the federal government has cut aid to education by almost 20 percent and consolidated federal funding into block grant programs, which some critics have claimed are less efficient than programs before consolidation. Tax reforms in 19 states limited growth of state spending or taxation between 1976 and 1981. Given this backdrop of taxpayer revolts and cuts in federal aid, the prognosis for financing the recommended educational reforms seems grim. Campaigns to raise voter consciousness have overcome voter resistance to raise school taxes in some areas. The Ohio 1983 election is a prime example; there, tax reforms that would have drastically cut education support were successfully defeated. A number of other states have mobilized support for education, but the trend is not uniform. Support for education has decreased in many states. Some educators question whether there is a direct correlation between spending and academic achievement. Others suggest that schools should be run like businesses for maximum savings. Some fear that the search for excellence has reduced the commitment to educational equity, while others argue for a radical restructuring of educational finance through tax credits or tuition vouchers. Perhaps the realization of America's declining position in world markets provides the best hope that the educational excellence movement will have a permanent impact on education. (MD)

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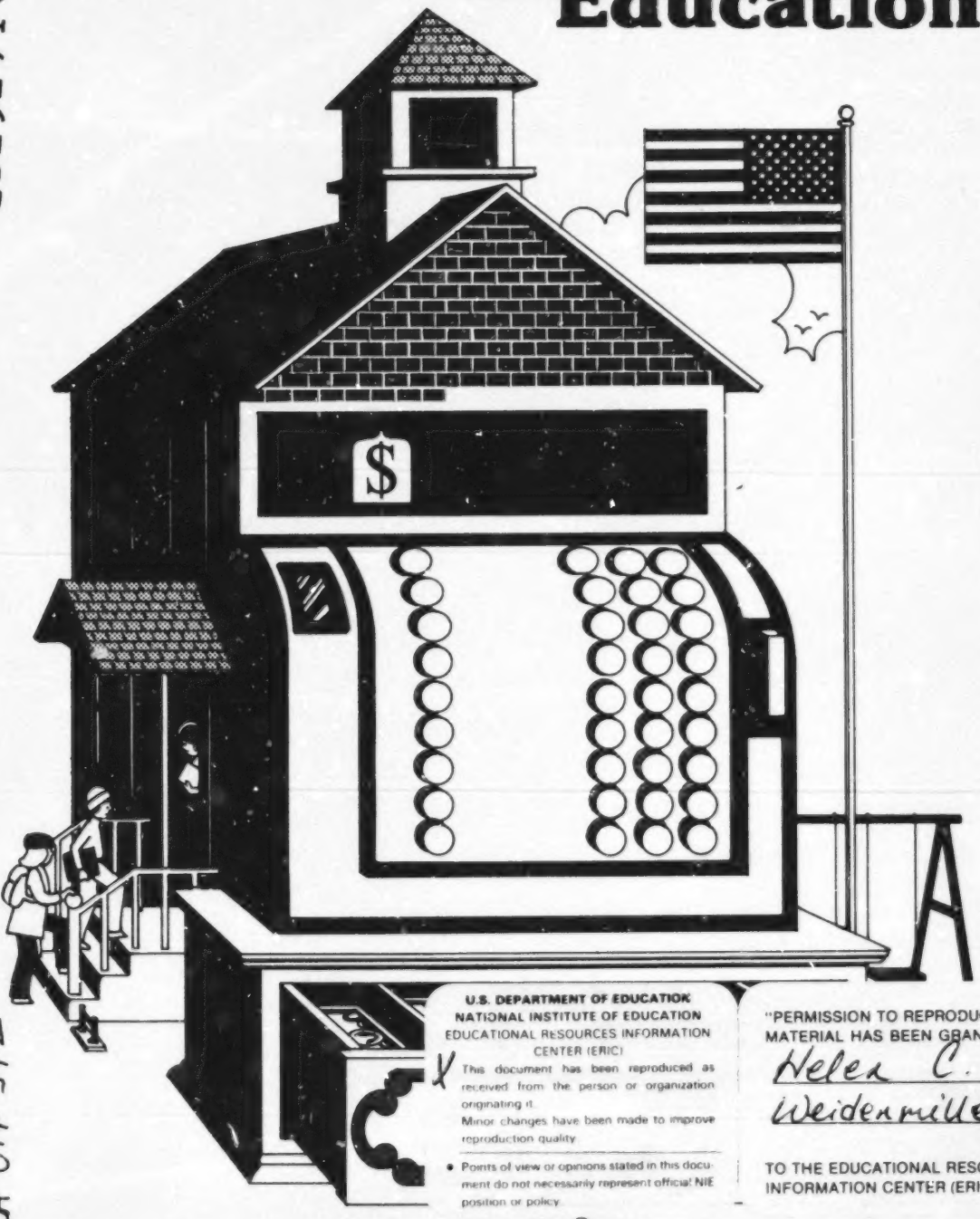

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FINANCING EXCELLENCE IN PUBLIC EDUCATION

by Albert Benderson

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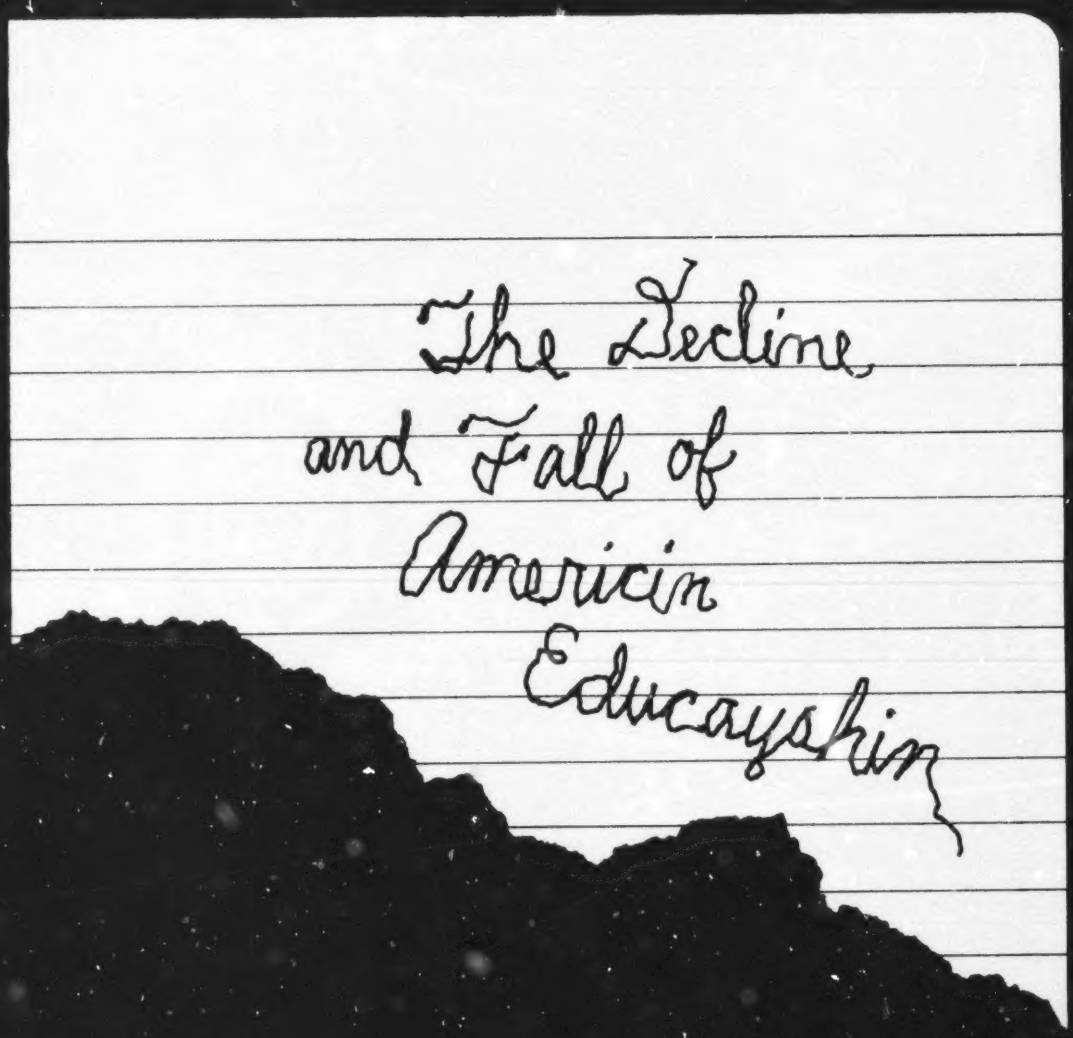
Financing

Excellence in Public Education



THE DECLINE AND FALL OF AMERICAN EDUCATION

Until recently, the key issue in education was economic rather than pedagogical. Irate taxpayers throughout the country, fed up with soaring education costs fueled by inflationary increases in teachers' salaries, heating oil and gas prices, and textbook expenses, voted down school budgets by the hundreds and, in a few cases, supported statewide referenda virtually eliminating property tax increases.

In 1983, however, the tide of public concern shifted dramatically. A number of influential organizations and commissions

composed of educators, businessmen, and politicians, issued a barrage of blistering reports warning that the quality of American education has declined so precipitously that national security is threatened.

Clearly, it will take more than good intentions and calls for action to make any significant improvement. In the face of continued voter hostility towards increased taxation, moreover, some have questioned where the money will come from to fund the ambitious programs proposed by reform groups. Reform efforts appear to be meeting with success in some states, but in others the future is far from assured.

The erosion of educational standards began during the Vietnam protest era. Some educators, to placate unruly students, yielded to demands for change that many now say lowered educational standards and eviscerated the curriculum. At the high school and college levels, core requirements were abolished in favor of a smorgasbord of trendy courses that enabled students to avoid those with traditionally rigorous standards.

The sciences, popularly associated with by-products such as nuclear weapons, smart bombs, and napalm, fell in disrepute. As for the study of English, the "in" line was that it was more important for students to get in touch with their feelings than to write grammatically. Some educators suggested that grammar was an impediment to "honest" writing.

THE EXCELLENCE MOVEMENT

By the '80s, the decline in learning, reflected by plummeting SAT scores, had become so pronounced that it could no longer be ignored. In April 1983, the education crisis became front page news when the National Commission on Excellence in Education, an 18-member panel appointed by Secretary of Education Terrel H. Bell to assess the state of American education, published *A Nation at Risk*, a stinging indictment of the schools.

The commission charged, in its report, that ". . . the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people."

This allegation was backed by alarming statistics:

- Twenty-three million American adults are functionally illiterate.
- The achievement of high school students on most standardized tests is lower than when Sputnik was launched.
- The proportion of students attaining superior scores (650 and over) on the SAT has declined dramatically.
- Remedial mathematics courses now make up one-quarter of all math courses at public four-year colleges.

The commission concluded that "many 17-year-olds do not possess the 'higher order' intellectual skills we should expect of them. Nearly 40 percent cannot draw inferences from written material; only one-fifth can write a persuasive essay; and only one-third can solve a mathematics problem requiring several steps."

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Disturbing as these findings may have been, most of the media attention focused on the commission's warning of "a redistribution of trained capabilities throughout the globe."

"If only to keep and improve on the slim competitive edge we will retain in world markets," they said, "we must rededicate ourselves to the reform of our educational system for the benefit of all—old and young alike, affluent and poor, majority and minority. Learning is the indispensable investment required for success in the 'information age' we are entering."

At a time when high unemployment had made Americans acutely aware of foreign competition in world markets, the report moved directly from the front pages into the national consciousness. Soon the commission's arguments were bolstered by a veritable blizzard of other reports on education that offered similar warnings and recommendations. Excellence became the educational buzzword of the 1980s. Among the organizations represented were the Twentieth Century Task Force on Federal Elementary and Secondary Education Policy; the Task Force on Education for Economic Growth; the Business-Higher Education Forum; the National Science Board Commission on Precollege Education in Mathematics, Science and Technology; and the Carnegie Foundation for the Advancement of Teaching.

Recommendations common to many of these reports included:

- increased federal support for education
- strengthened high school curriculums with more required courses
- lengthened school days and years
- stiffened college admission requirements
- increased pay for teachers
- improved teacher training

The impact of this fusillade of reports has been so great that the media now refer routinely to the "excellence movement." There has been a groundswell of support among educators, politicians, and the public for these recommendations. Legislative drives for toughened curriculums and extended school days and years have been launched in states as disparate as New York and Florida, Pennsylvania and California.

THE PRICE OF REFORM

Ironically, while the focus of public attention has shifted from tax rebellion to excellence, the key question now is whether we are willing to pay for quality education. There are those who warn that the cost of sweeping educational reform might be prohibitive.

In his November 1983 *New York Times* article, "Paying the Bill to Reform America's Schools," Edward B. Fiske suggests that increasing the salaries of 2.2 million teachers by $5,000 to $10,000 each would cost between $11 billion and $22 billion annually. Fiske points out that the total amount currently spent on elementary and secondary education is slightly more than $115 billion.

Fiske also cites estimates from the Education Commission of the States that increasing the school year from the typical 180 days to the Japanese standard of 220 days would cost about $20 billion per year,

mostly in teachers' salaries. He adds that extending the school day from 6.5 to 8 hours would incur a similar cost.

Other cost estimates have been equally foreboding. Even though the National Education Association (NEA) favors the proposals of the National Commission on Excellence in Education, it estimates that implementing them would cost $23.1 billion per year.

"The most glaring omission from the new studies of the shortcomings of education and recommendations for reform is any detailed estimate of attendant costs and how they are to be met," writes Harold Howe II in the November 1983 issue of *Phi Delta Kappan*.

In December 1983 the American Association of School Administrators issued a report, "The Cost of Reform: Fiscal Implications of *A Nation at Risk*," that projected the costs of implementing just two of the National Commission on Excellence in Education recommendations in 28 school districts from around the country. The association found that the cost increases are "substantial but manageable given public support for reforms and equitable means of financing them."

THE FEDERAL RETREAT

Little help, however, can realistically be expected from the federal government. The amount budgeted for education in fiscal 1984 by Congress totaled $15.3 billion, a relatively small amount compared to educational spending by state and local governments. During the Reagan administration the federal government's share of public school spending has declined from 9 percent to 7.4 percent, according to National Education Association figures, and is not likely to increase by the billions needed to implement the commission proposals no matter who is elected president in 1984.

As David L. Clark, Terry A. Astuto, and Paula M. Rooney put it in their November 1983 *Phi Delta Kappan* article, "The Changing Structure of Federal Education Policy in the 1980s," "Educators—especially those charged with the responsibility of protecting the financial interests of education in Washington—remember the first six months of the Reagan administration as a period of fiscal disaster. Before they could mount effective opposition, substantial rescissions had been made in the fiscal year 1981 budget, and additional cuts had been made in the 1982 budget. The cumulative reductions of nearly 20 percent were beyond the imagination of the education community which had grown accustomed over the previous 25 years to regular increments in federal support for education."

Block Grants

With the avowed motive of eliminating paperwork and getting the federal government off the back of the states, the Reagan administration accompanied its 1982 budget cuts with a small block grant program designed to be a model for future and larger efforts. Chapter 2 of the Education Consolidation and Improvement Act eliminated categorical funding for 28 programs, and placed them all under the umbrella of a single block grant to be administered with broad discretion by state and local education jurisdictions. Where school districts once had to compete for funds in nearly every program, all districts

were now guaranteed a small slice of the $456-million pie. The programs included covered everything from desegregation to enrichment for the gifted and talented.

The $456 million involved represented less than eight percent of the total Education Department spending for elementary and secondary schools and, when distributed, less than one percent of most school budgets. Nevertheless, it set an important precedent by giving local school districts primary control over the disposition of federal funds. Where local districts previously had to apply for funds distributed under most of the affected programs, today the funds are parceled out automatically to all districts.

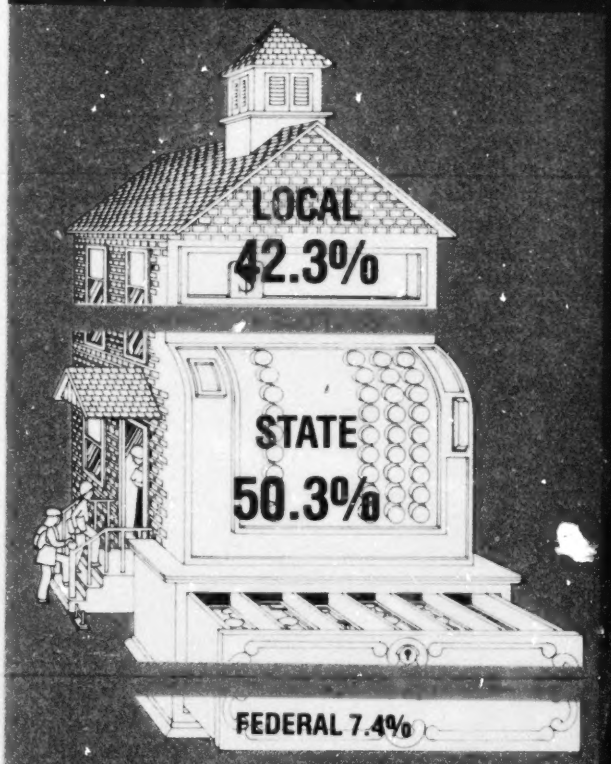
"The districts have 100 percent discretion in their use of the funds," says Thaddeus Robak, management assistant to the director of the Bureau of Grants and Contracts in the New Jersey State Department of Education. "The way that the money is generated does not affect how it is spent within the broad guidelines of the law. Money generated by basic skills programs can be spent on educating the gifted and talented."

In her November 1983 *Phi Delta Kappan* article, "Snipping the Strings: Local and State Administrators Discuss Chapter 2," Anne H. Hastings says, "In several small districts that had participated only in Title IV-B the superintendents who administered the program reported that they now spend somewhat less time on Chapter 2, because the application procedure is a little easier, they no longer have to host monitors from the state, and the evaluation form is simpler to complete. In larger districts, the reductions in administrative staff time have been even more significant."

Myths Exposed

In the same issue, however, Keith Baker, a program scientist in the Office of the Deputy Undersecretary for Planning and Budget in the Department of Education, writes in his article, "Why Block Grants Should Increase Administrative Costs," that research demonstrates, contrary to the conventional wisdom, that "program consolidation may lead to an *increase* in the expenditure of federal funds on administrators, thus making the programs *less* efficient than they were before consolidation.

Percentage share of U.S. education costs in 1982-83* **



"The fewer strings attached to a source of funds," he explains, "the more likely it is that the money will be used to pay for administrative empire-building."

He adds that a study of local school districts in five states "fully confirmed" this hypothesis.

In an interview, Baker reaffirmed his implicit criticism of block grants: "School bureaucracies just tend to grow and grow. Superintendents build empires; the number of assistants they have reflects their importance. What constrains this kind of growth? We decided it was the distance away from school of the funding source. School boards watch local tax dollars rather closely. Schools, therefore, tend to look at federal funding as manna from heaven.

"If you want to provide block grants that take all strings off the money, you can at least do something to keep administrative spending under control. The Education Department originally put a cap on the amount schools could spend on administration from block grants, but the Office of Management and Budget took it out as undue interference with the schools."

To test the alternative argument--that federal programs necessitated bureaucratic growth by imposing paperwork upon school districts—Baker sent a private business consultant into a school district to develop a cost proposal for taking over all the paperwork required by the district's Title I program. Although the school received more than $400,000 from the government just to handle this paperwork, the businessman concluded that he could do the same job for $5,000 and make a profit.

Baker's research findings undermine one of the basic premises of block-grant programs, namely that federal paperwork, often related to accountability, creates inefficiency. He admits that the findings have bothered some administration officials, and his study is not the only governmental investigation that pokes holes in some of the premises underlying current administration policy.

In February 1983 ETS published its study, mandated by Congress, on the interaction of federal and state education programs. Testifying before the House Budget Committee's Task Force on Education and Employment in June, several of the study's authors, Mary T. Moore, Margaret E. Goertz, and Terry W. Hartle, dismissed as a myth the widely held belief that federal involvement in education hampers state policymaking capacity. They testified that federal assistance in no way hampers the authority of state education agencies.

The study covered a wide range of federal programs and civil rights provisions affecting education. According to the summary of the report, "The Interaction of Federal and Related State Education," "...decisions regarding the administration of federal programs by and large are firmly in the grasp of state education agencies."

While federal programs clearly influenced the course followed by states on matters such as education of the disadvantaged, the states remained highly autonomous. "State conflicts with federal programs did not exhibit the intensity we had expected from popular accounts," the researchers concluded.

The Reagan administration, however, remains committed to cutting federal aid and awarding the diminished funds as block grants. Funding for programs included in the Chapter 2 block grant, for instance, dropped from $512 million in 1981 to $456 million in 1982.

THE TAX REVOLTS

The election of Ronald Reagan to the presidency in 1980 closely followed taxpayer revolts, at both the state and local levels, in many areas of the country. Most were aimed at property taxes, which provide the primary support for education. Increasing numbers of voters were unwilling to pay higher property taxes to support education, reflecting in part the declining number of people with children in the schools.

In part, these taxpayer revolts undoubtedly arose in reaction to the near doubling of elementary and secondary school costs between 1975 and 1982, led by rising employee benefits and utility costs. According to the National Institute of Education, combined school costs rose 81.7 percent during the period. Employee benefits rose 179.7 percent and utility expenses 184.6 percent. Teacher and other professional salaries increased by a relatively modest 65.8 percent.

The pacesetter for these tax revolts was California's Proposition 13, generated by a grass roots movement of disgruntled taxpayers and passed on June 6, 1978. As a result, statewide property assessments were frozen at their 1975 level and increases were limited to two percent a year. Property taxes were limited to one percent of assessed valuation, down from the 1978 level of three percent.

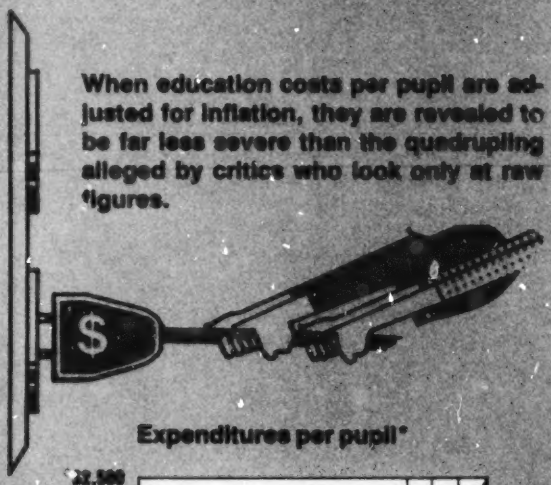
The proposition, however, did not result in the fiscal disaster predicted by some opponents and even had effects that could be considered beneficial. In the short run, the loss of revenue was made up from state budget surpluses. In the long run, declining revenues from property taxes forced the state to assume a larger burden of support for public schools, making the system more equitable by reducing inequities caused by the ability of wealthy districts to raise more money than poor districts.

As Denis P. Doyle and Terry W. Hartle point out in their Winter 1983 *Journal of Contemporary Studies* article "The Federal Government and the Schools," "California, thanks to the precipitous decline in local property tax revenues caused by Proposition 13, is fast developing a statewide school system whose funding will be fully equalized. Indeed, Sacramento today picks up the tab for nearly 80 percent of education costs, and there is no conceivable justification for spending more money to educate children in Beverly Hills than in Watts."

Joseph Michalak reports in his November 13, 1983, *New York Times* article, "States Widen Role in School Financing," that following the passage of Proposition 13, 18 other states passed legislation or enacted constitutional amendments to limit the growth of state spending or taxation in the five-year period ending in 1981. The most widely publicized of these was Massachusetts' Proposition 2½, passed in November 1980 by 59 percent of the vote. The proposition limited local property tax levies to 2½ percent of the full market value of taxable property. Communities had to lower effective tax rates by 15 percent each year until they reached this level, after which taxes could be raised by no more than 2½ percent a year.

In his December 1982 *Phi Delta Kappan* article, "The Effects of Proposition 2½ in Massachusetts," Edward P. Morgan reports that Proposition 2½ was a devastating blow to local revenues; nearly $500 million was lost during the first year alone.

Up? Yes, but . . . .


When education costs per pupil are adjusted for inflation, they are revealed to be far less severe than the quadrupling alleged by critics who look only at raw figures.
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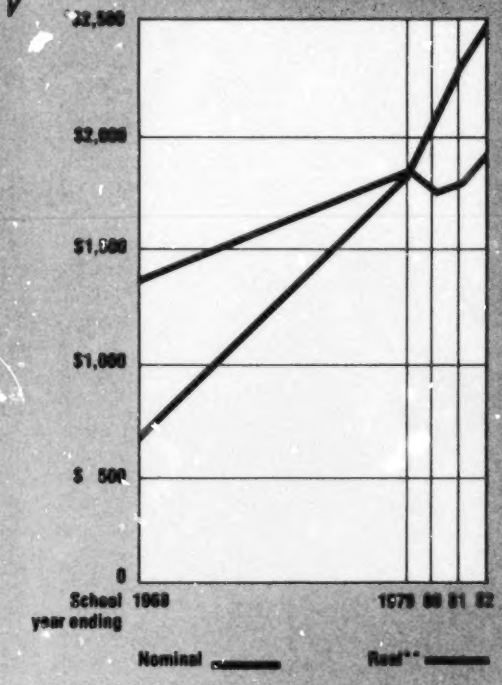
Expenditures per pupil*



*from School Finance Reform in the States: 1983: by Allen Odden, C. Kent McGuire, and Grace Bolsches-Simmons

**July 1979 dollars

According to Morgan, termination notices were sent to more than 15,000 school personnel—16 percent of the total workforce.

To help stricken communities, the state legislature, in the summer of 1981, provided $265 million in new state aid to local communities, but the money was distributed by lottery with no regard to actual losses under the proposition. The aid enabled districts to rehire 3,000 personnel, but many programs still had to be cut back and class sizes were increased. Overall, poorer districts with lower property values and higher tax rates suffered disproportionately.

Since then state aid has increased, although not nearly to the degree it has in California. Morgan projects a more equitable formula in fiscal 1983 and suggests that, with an equalizing formula, the proposition could tend to make spending for education more equitable, as did Proposition 13 in California.

Beyond these statewide revolts, taxpayers throughout the country have voiced their displeasure with high property taxes by voting down school budgets. In some cases, school districts have been forced to close until an acceptable budget could be developed.

In the fall of 1983, for instance, two school districts in Oregon were forced to shut down because voters rejected proposed budgets at the polls. One district, Junction City, closed only a few weeks after its middle school was one of 152 honored for excellence by the National Secondary School Recognition Program in a White House ceremony.

By November, both Oregon districts had been able to reopen after gaining voter approval for scaled-down budgets. Nevertheless, according to Larry Austin, information specialist for the Oregon Department of Education, federal funding cutbacks and a depressed state economy have forced cuts in state spending and greater reliance on local revenue at a time when voter resentment towards property taxes is mounting.

"In Oregon," says Austin, "the law doesn't allow a district to run a deficit. Yet, expenses increase, and every year the budgets have to go before the voters. Many districts are forced to accept lower budgets than they'd like. Property taxes

and schools are not a good marriage."

While district shutdowns are rare, there is a diminishing number of localities in the country where voter support for higher school budgets each year can be considered a sure thing.

Given this backdrop of taxpayer revolts on the state and local levels and a conservative administration in the White House, the prognosis for financing the educational reforms recommended by various groups would seem to be grim indeed. Although the President expressed support for the recommendations of the National Commission on Excellence in Education, this support has not been reflected in his budget requests or education initiatives.

A QUESTION OF VALUES

Ultimately, it comes down to a question of values: Do Americans value excellence in education highly enough to pay for it?

Nearly 150 years ago, Alexis de Tocqueville saw in America's obsession with equality a distrust of intellectual excellence. "I do not believe there is a country in the world where, in proportion to the population, there are so few ignorant, and at the same time so few learned, individuals. Primary instruction is within the reach of everybody; superior instruction is scarcely to be obtained by any."

Two hundred years later, anti-intellectualism remains a strong force in America. "The current of anti-intellectualism runs deep in our history and our society," writes Michael J. Bakalis in his September 1983 *Phi Delta Kappan* article, "Power and Purpose in America." "It comprises a resentment and suspicion of the mind itself and of those who represent it. Intellect is regarded as a form of privilege and power. It is resented as a kind of excellence, a claim to distinction, that challenges the egalitarianism of America. For the American belief in mass education does not stem from a dedication to the development of the mind, but rather from the perceived political and economic benefits of education."

Even the various reports on educational excellence have a strongly utilitarian ring, suggesting that education must be improved primarily to salvage our competitive position abroad. The National Commission on Excellence in Education, for instance, invokes the specter of Japanese automobiles and South Korean steel mills to warn of a global redistribution of knowledge and technology.

A. Graham Down, executive director of the Council for Basic Education, while pleased with the attention the report drew to the mediocrity of the schools, points out, "The National Commission on Excellence in Education is saying that education is good because it will make us competitive internationally rather than saying it is good in its own right."

Even when the National Commission on Excellence in Education cites the 1982 Gallup poll as evidence of the public's strong backing for education, the utilitarian dimension is foremost. The commission cites the public's support for education as "the major foundation for the future strength of this country" and points out that the public views education as "'extremely important' to one's future success." In the 1982 poll, in fact, 80 percent of those questioned rated schools

extremely important to one's future success.

However they view education, the American people, according to the 1983 Gallup poll, strongly support the findings of the National Commission on Excellence in Education. Of those who had heard about the commission report (28 percent), 87 percent voiced support for its conclusions

On specific issues, however, the results were mixed. Overwhelming percentages favored requiring basic subjects, such as English and mathematics, even of students who do not plan to go to college. Fifty-six percent favored requiring Spanish as a foreign language. Forty-seven percent felt teachers' salaries were too low, and only 11 percent said they were too high. Fifty percent favored higher pay for math and science teachers. Sixty-one percent said elementary school students are not made to work hard enough, and 65 percent said the same of high school students.

Only 40 percent favored lengthening the school year, however, and only 41 percent favored lengthening the school day. A mere 39 percent favored raising school taxes if the schools said they needed more money. Among parents of public school children only 48 percent supported higher taxes. Among adults with no school children, only 36 percent favored higher taxes.

The Mood Shifts

There are signs, however, that a determined campaign to raise voter consciousness can overcome much of this resistance to school taxes, particularly in the wake of the widespread publicity given the various reports on education. The most dramatic example occurred on election day 1983 in Ohio. After a 90 percent increase in the state income tax, disenchanted citizens had succeeded in placing two initiatives on the November ballot that would have crippled the state's ability to raise taxes in the future. Issue 2 would have required a three-fifths majority of each legislative chamber to enact any revenue-producing legislation. Issue 3 would have repealed the income tax increase and tax reform packages enacted earlier in the year. Because nearly half of the tax increase was intended to support schools, colleges, and local government, the initiatives would have been quite damaging to education in the state.

Mid-October polls indicated that both propositions would pass easily, but a massive counterattack led by Governor Richard F. Celeste and representatives of the state's education, labor, and human-service organizations convinced voters to reject them.

"Education was the key factor in the rejection of these issues," says G. Robert Bowers, assistant state superintendent of public instruction. "The adverse effect that passage would have on education was the primary factor that influenced public opinion.

"There is a groundswell of support for education," he says. "Those of us in the field should capitalize on it. It is the healthiest condition for education in the last 10 or 20 years."

"I'm not sure we can say that the taxpayers' revolt has been defeated," says Dr. Milton Goldberg, executive director of the National Committee for Excellence in Education, "but I think there is a growing willingness among taxpayers to spend money for good schools. They accept the premise that it is patriotic.

"One of the reasons for the Ohio victory is that much of the most impressive leadership for reform came from business and political leaders. This kind of leadership will encourage school boards not to see themselves as aligned with the anti-spending forces."

States Back Education

This surge of support for education has been successfully mobilized in a number of states. In Mississippi, for instance, Governor William Winter led a campaign that resulted in passage, by the legislature, of a package of educational reforms including state-financed kindergartens, upgraded teacher certification requirements, and an accountability program for the schools. The legislature has also voted to raise state sales and income taxes by $400 million over four years, with a large percentage of the money going to education.

In North Carolina, Governor James B. Hunt Jr. has spearheaded a number of educational reforms, including a $60

million primary reading program, a statewide program of standardized tests, and minimum competency tests in math and grammar for high school graduation. The North Carolina School of Science and Mathematics was established in a converted hospital in Durham as a residential high school serving 380 gifted students from throughout the state. All room, board, and tuition costs are covered by the state.

The North Carolina legislature has also provided $2.2 million to finance a three-year experiment with a longer school day and year in Polk County. Schools will be open 30 minutes longer each day and 20 more days a year.

Other states are developing educational packages directly inspired by the various commission reports:

- In Virginia, the Board of Education, in July 1983, adopted a major overhaul of the state's public school curriculum, mandating tougher standards for high school graduation, with fewer electives and more required courses in mathematics, science, and foreign languages. The plan also includes an advanced studies diploma for college-bound students, entailing three years of high school math, science, and foreign languages. Pushed by Governor Charles S. Robb, the diploma has been denounced by some educators as elitist.
- In Indiana, the legislature voted to double to 20 schools the size of a current experiment limiting elementary classes to 14 pupils. A statewide program would cost more than $100 million a year, but lawmakers have been impressed by significant math and reading gains in the experimental classes.
- In Oregon, prodded by stiffened admission standards for the state colleges and universities, high school course requirements have been instituted for the first time. They mandate four years of English, three of math, and two of science.
- In Arkansas—ranked last in per-pupil expenditures and teachers' salaries—the legislature has passed the most comprehensive education program in the state's history. Teachers will be given competence tests in 1984 and forced to return to college for further training if they fail. Smaller classes were mandated, and courses will be added to the high school curriculum. Beginning in 1987-88, eighth-graders will have to pass a high school entrance exam to prove they can read, write, and do mathematics at appropriate levels.

  To meet these requirements, 2,678 new classrooms will be built and 3,781 teachers will be hired during the next three years. Public support for the programs enabled the legislature to raise the state sales tax and to use the bulk of the estimated proceeds—$154 million—to pay for these reforms.
- In Florida, the legislature, in July 1983, passed a bill that adds a seventh period to the high school day in order to accommodate new math and science requirements. The legislature also passed a $60-million merit-pay plan to give outstanding teachers up to $5,000 extra per year.

These state funding increases are significant because, in recent years, states have been picking up a larger share of the tab for education. According to ETS research scientist Margaret E. Goertz, the average state share of education funding rose from 41 to 49 percent between 1970 and 1980. This reflects, in part, resistance to property taxes at the local level and recognition of inequities in that system by courts and legislatures.

A Mixed Bag

The trend, however, is not uniform. States provide widely varying degrees of support for education, and in many cases that support has decreased during the past year. Goertz reports that the state share of support for elementary and secondary education ranges from a low of seven percent in New Hampshire to a high of 95 percent in Hawaii.

Figures provided by John Augenblick of the Education Commission of the States in the August 26, 1983, issue of *Education Daily* reveal that, while the number of states giving more than 75 percent of new money to education increased from 10 to 13 between 1978 and 1983, the number giving less than 25 percent also increased, from five to 13. Augenblick suggests that,

in the growing number of states providing less than 25 percent of new school money, either no new money was appropriated for education or there were cuts in funding.

Moreover, in the October 13, 1983, issue of *Education Daily*, Steven Gold, director of the National Conference of State Legislatures' Intergovernmental Finance Project, predicts that 1984 will be a key time for tax revolts. Gold points out that the 1982 increase in property taxes (13.7 percent) was the largest in 50 years and that, in 1983, 36 states increased taxes for a total nationwide increase of $1.7 billion. He foresees a backlash that will bring "the professional tax protesters out of the woodwork."

A harbinger of the threat may already be seen in Florida, where a group called "Citizens' Choice on Government Revenues" has succeeded in placing on the November 1984 ballot a constitutional amendment reminiscent of California's Proposition 13. The measure would limit property tax revenue increases to five percent per year, excluding tax revenue from new construction. If the measure were passed, each taxing authority in the state would have to cut its 1985 revenue as though the measure had been in effect since 1980.

The amendment is opposed by Governor Robert Graham and state education officials, who predict that it would reverse the progress made as a result of the state's ambitious education reform programs.

Events during 1984 will clearly test the extent to which the defeat of tax-cutting propositions in Ohio reflects a nationwide shift in voter support toward greater willingness to fund excellence in education. With taxpayer resistance firmly entrenched at the local level, and conservatives holding the federal purse strings, many believe the only real hope for funding excellence lies with the states.

IS MONEY ENOUGH?

Even if the availability of money for educational reform increases, however, important questions about education finance will remain. Chief among these is whether pouring more money into education is the key to excellence.

Although higher salaries are obviously needed to attract and maintain higher quality teaching staffs, the need for additional funding in other areas is not necessarily self-evident to many experts. Some question whether there is a direct correlation between spending and academic achievement.

"There is not a linear relationship between spending and educational outcomes," argues ETS research scientist Terry Hartle. 'James Coleman said in his book, *High School Achievement*, that certain ingredients are associated with successful educational programs—high standards, an orderly learning atmosphere, discipline, homework, a strong curriculum, etc. He said that these ingredients are found in private schools more often than in public schools. Urban Catholic schools provide them even though they spend less money per student than do public schools.

"On the other hand, Fairfax County, Virginia, spends more money on schools than does Prince Georges County, Maryland, and its students do better on standardized tests."

ETS's Margaret Goertz says that wealthy districts tend to have higher standardized test scores, but questions whether the

cause is money, parents, or the home environment. "There's no easy way to isolate the effects of dollars spent," she says.

Sally Reed reports in the November 13, 1983, *New York Times* that a recent National Assessment of Educational Progress study indicates there is some correlation between statewide per-pupil expenditures and reading and math achievement. After analyzing the achievement of 9-, 13-, and 17-year-olds on reading and math assessment tests, researchers concluded that student achievement in states that raised funding levels between 1976 and 1981 increased to a greater degree than in states with no funding increase.

She also reports, however, that Herbert J. Walberg of the University of Chicago School of Education found, after analyzing 2,500 studies of national standardized tests and student achievement, that sometimes where more money was spent, gains were lower, "particularly when the money was used to create a bureaucracy rather than for direct services to students."

There are those who suggest that schools can be improved merely by spending the funds now available more efficiently and intelligently. Goldberg, for instance, says, "In some cases, what needs to be done may be the elimination of insignificant curricular offerings, so reforms will not necessarily cost more money. I think the issue of which courses are more central to the educational mission and should have priority will be taken up before people say that we need 'x' amount of dollars."

Others suggest that pouring money into schemes such as increasing the length of the school day will only perpetuate, rather than eliminate, mediocrity. A. Graham Down, for instance, is critical of such legislative quick-fixes. "You can't legislate excellence any more than you can legislate morality," he argues. "Increasing the hours and days spent on a subject will not help if the teaching is mediocre."

Allan Odden of the Education Commission of the States suggests a number of strategies, arising from research on school improvement, that would improve education at relatively low cost. Administrator academies, like those in Arkansas, South Carolina, Florida, Maryland, North Carolina, and

Per-pupil Expenditures vs. Graduation Rates

There is no correlation between high per pupil expenditures and graduation rates in the 50 states and District of Columbia.*

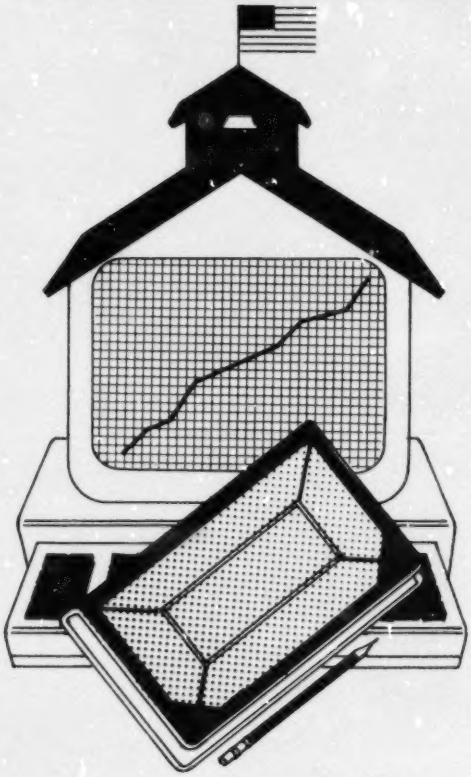
State	1982 spending per pupil Ranking	1982 spending per pupil Amount	1982 graduation rate** Ranking	1982 graduation rate** Rate
Alaska	1	$5,369	38	71%
New York	2	$3,769	45	66.3*
D.C.	3	$3,441	50	55.8%
New Jersey	4	$3,285	15	78.1%
Oregon	5	$3,130	35	71.1%

Alabama	46	$1,835	43	67.1%
Kentucky	46	$1,835	44	66.9%
Tennessee	48	$1,831	40	68.9%
Georgia	49	$1,721	N.A.	N.A.
Arkansas	50	$1,713	43	67.1%
Mississippi	51	$1,685	49	63%

Pennsylvania, are suggested as a way to improve administrative skills. Teacher institutes, such as those in Arkansas, Louisiana, Oklahoma, Pennsylvania, New York City, and Jefferson County, Colorado, are recommended to help teachers intensify student learning "within allocated time currently available."

He also suggests the development of incentive programs including small grants for innovative programs and bonuses for productivity gains. These would be supplemented by increased federal and state supported research programs on increasing school and teacher effectiveness.

BUSINESS-STYLE MANAGEMENT



Some have suggested that substantial savings could be attained by running school districts in a more businesslike manner. Keith Baker's Department of Education study, demonstrating that a businessman would need only $5,000 to handle government paperwork on which a school district spent $400,000, illustrates the degree to which money is wasted by school bureaucracies.

A few school districts have already begun adopting efficient, revenue-producing business methods. In February 1981, Niels H. Nielson, president of Princeton Management Consultants, presented the Princeton Regional School District in New Jersey with a report, "Strategy for the 80's," that recommended using business management techniques to preserve quality education and enhance revenues during a decade of falling enrollments. The report gained nationwide attention and has served as a model for other districts as well as Princeton.

Nielsen suggests the district think of itself as being in the "education and asset management business." Among his proposals are:

- a market research study to improve existing services and develop new ones, to determine why residents may send children to private schools, and to identify the competition by price and product
- an inventory of salable services the district offers, determining unmet needs in the area, devising offerings to meet these needs, and identifying appropriate prices to charge for these services
- an aggressive marketing program, using brochures, articles, and advertisements to educate prospective homebuyers about the schools, lure resident students away from private schools, and attract tuition-paying students from neighboring districts with inferior or more limited programs.

Nielsen advises renting facilities (particularly empty schools) and services to other educational institutions, such as nursery schools, or to commercial enterprises, including stores, restaurants, and offices.

The district, Nielsen says, also should develop consulting services "to get greater mileage out of the expertise we have in the system," create an audiovisual rental

library, acquire adjacent parts of other districts closer to Princeton schools than to their own, and merge with districts suffering enrollment declines that would "benefit educationally and financially by joining us."

The most controversial proposal, however, was the suggestion that the district create a not-for-profit corporation that would be responsible for all the revenue-producing programs outlined in the report. Proceeds from these activities would be placed in a trust fund and revenues would be exempt from state-imposed ceilings on school district spending.

Three years later, Nielsen stands by his findings. "School districts should be run like efficient businesses. This was the first report that looked at revenue sources outside the tax base and ways of running them effectively. Princeton has adopted most of the recommendations, such as renting office space in schools and increasing the numbers of tuition-paying students. Six months ago the revenues coming from new sources of income amounted to $1 million out of a $12 million budget.

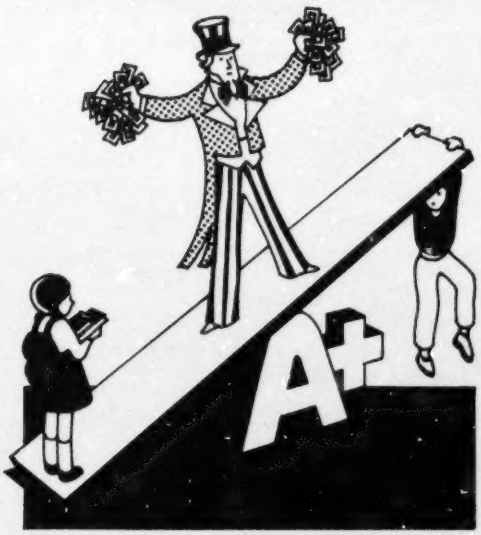
Nielsen says the major recommendation that has not been adopted is the creation of a nonprofit corporation. He adds, however, that other districts have adopted some of his recommendations and that the Smithfield district near Atlantic City, New Jersey, has set up tax-exempt funds to handle the money it earns.

Most school districts, however, still think in terms of retrenchment rather than financial opportunity when enrollments decline. Typically, school facilities are closed and even sold as the number of students drops. In their March 1983 *Phi Delta Kappan* article, "Declining to Close Schools: Alternatives for Coping with Enrollment Decline," Carol Shakeshaft and David W. Gardner question the efficacy of these policies, pointing out that enrollments are projected to increase in the future. They suggest that districts disposing of schools may have to replace them later at even higher cost.

They also cite numerous studies that indicate keeping buildings open and reducing class sizes will enhance education. "A number of researchers," they say, "have suggested that an inverse relationship exists between class size and educational achievement."

They acknowledge the common argument that maintaining buildings in the face of declining enrollments will increase costs, but they suggest that districts would profit by keeping schools open and developing new ways of generating revenue, in part through using school facilities for new purposes.

As examples, Shakeshaft and Gardner cite Toronto, Ontario, which has used declining enrollments as an opportunity to develop alternative schools drawing students from outside school neighborhoods; St. Louis Park, Minnesota, which has opened classrooms to adult learners who participate in regular high school classes; and Evanston, Illinois, where the schools house a cultural arts center and city hall. They report that Atlanta shares its school space with a number of social service agencies; Belmont, California, with an eye clinic, an electronics firm, a telephone solicitation company, and a real estate office; and Seattle with health clinics, law firms, and community centers. Districts throughout the country are earning hundreds of thousands of dollars through such arrangements.



The ability of some districts to enhance revenues through creative capitalism, however, raises yet another issue at the heart of the excellence controversy—namely how to ensure that all students have equal access to the best possible education. Some experts fear that the mania for excellence has reduced the national commitment to equity in education while others point out that wealthy districts are better situated to make a strong commitment to excellence than are poorer districts.

Ironically, because property in poorer districts, such as those in large, decaying, northern cities is worth less than property in exclusive suburbs, taxpayers in poor districts often have to pay higher tax rates than those in wealthier districts and, nevertheless are unable to raise as much money. Lawyers for the Levittown, New York, district pointed out in a recent court case that the district has one-fourth the tax wealth of Manhasset, but Manhasset is able to spend $1,200 more per pupil while taxing residents at only two-thirds the Levittown rate.

In some states the inequities between rich and poor districts are startling. In Maryland, the three highest spending districts spent an average of $2,960 per pupil in 1982, while the state's three lowest spent only an average of $1,991 per pupil. In New Hampshire in 1981, school districts spent between $772 and $4,810 per pupil.

Inequities such as these were successfully challenged in the courts for the first time on August 30, 1971, when the Supreme Court of California ruled the state system of financing education unconstitutional. The court ruled that the state may not make "the quality of a child's education a function of the wealth of his parents and neighbors."

In 1974, Los Angeles Superior Court Judge Lester Olson ruled that spending disparities among state school districts must be reduced to considerably less than $100 per pupil. In May 1983, he ruled that the limit had grown to $191 adjusted for inflation and that 93 percent of the state's children attended schools in districts that adhered to this standard of equity.

The equity movement, however, suffered a dramatic setback in 1973 when a successful court challenge to inequities in Texas was overturned by the U.S. Supreme Court in *San Antonio Independent School District v. Rodriguez*. The court ruled, 5-4, that inequalities in funding between districts were not unconstitutional. Justice Lewis Powell, writing for the majority, argued that education "is not one of the rights afforded explicit protection under the Federal Constitution." The majority found no absolute denial of opportunity, only differences in spending.

State Court Decisions

The decision discouraged attempts to seek federal redress for funding inequities, but it did not put an end to the equity movement. Margaret Goertz explains that attorneys turned to state courts for redress citing violations of state constitutions. "State courts continued to strike down school finance laws resulting in wealth-based disparities either under state constitutional guarantees of equal protection or under their state education clauses."

Goertz says that, in subsequent years, favorable rulings have been obtained in state courts in New Jersey, New York, Connecticut, Colorado, Washington, and

Arkansas. David C. Long also points out in his March 1983 *Phi Delta Kappan* article, "Rodriguez: The State Courts Respond," that a number of state legislatures also enacted reforms to make district spending more equitable, although in other states inequities remain unabated.

ETS has played an active role in school equity struggles in both New Jersey and New York. In New Jersey, for instance, it has conducted evaluations of the state's Public School Education Act of 1975, passed by the legislature to equalize the way education is financed in response to a state court mandate. ETS issued three reports examining the distribution of revenues during the ensuing years. These have become the basis for new litigation charging that legislative actions have not gone far enough towards equalizing educational funding throughout the state.

In New York, ETS researchers did considerable technical work for the plaintiffs in *Levittown v. Nyquist,* a case in which 27 property-poor districts, and the cities of New York, Buffalo, Rochester, and Syracuse, sued the state in 1974, claiming that its education finance system was unconstitutional because it did not correct for differences in local tax revenues.

ETS has also worked with the New York City Board of Education under a Ford Foundation grant to assist in finding ways to make the state system more responsive to the needs of large urban school districts.

Setback in New York

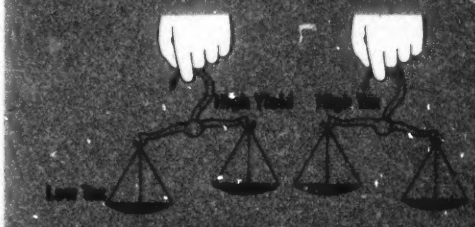
Although trial court and appellate division justices supported the claims of the plaintiffs, in June 1982 the state's Court of Appeals ruled that the school finance system violated neither the federal nor the state constitution, despite disparities in spending between districts.

Margaret Goertz, Richard Coley, and the late Joel Berke wrote a case study of the New York litigation, *Politicians, Judges, and City Schools,* in which they analyze the issues there and suggest some alternatives for a more equitable system. The study will be published late in the summer of 1984.

"The book says that even though the court upheld the constitutionality of New York's finance system, it also recognized that there are inequities in the system,"

Property Wealth and School Revenues

School districts with high property values can raise large amounts of money for schools while maintaining relatively low tax rates. Districts with low property values, on the other hand, must impose higher tax rates from which they derive substantially less income.



New Jersey figures reflect the disparities that result from a system which is heavily dependent on local property tax revenues.

	Property value per pupil	Expenditure per pupil*	School tax rate
Newark	$ 35,176	$3,139	21.2 mills**
Millburn	$472,054	$4,100	7.6 mills
Trenton	$ 45,800	$3,325	18.6 mills
Princeton	$421,060	$4,503	9.2 mills
Camden	$ 25,426	$2,805	18.5 mills
Cherry Hill	$161,310	$3,874	17.1 mills

*Expenditures reflect both state and local funding, including that state aid is granted specifically to offset disparities in wealth.
**Per $1,000 assessed valuation

Goertz explains. "The New York Board of Regents is recommending wide reforms in educational quality without saying how they will pay for them. We argue, in the book, that low-wealth districts don't have the resources to carry out these programs."

Equalization Plans

A number of plans have been advanced for equalizing the financial resources of school districts. One of the most popular is the Minimum Foundation Program, developed in 1923, which guarantees that each student's education will be funded by an equal amount of money up to a state-prescribed level, and that the state will make up the difference if the school district lacks the fiscal capacity to fully cover the mandated level of support.

Other formulas are termed "capacity equalization" plans. These guarantee that districts making equal tax efforts to support education receive equal revenues through a combination of local and state funds. They directly address the dilemma of districts with limited property wealth that must tax constituents at higher rates than do wealthy districts and still are unable to raise a comparable amount of money to support education.

One formula, District Power Equalization, provides all districts setting the same tax rate with an equal level of tax resources per student. A statewide schedule of funding-level choices related to tax rates is established, and the district decides where it wants to place itself on the schedule. If the district's tax rate does not generate sufficient funds to place it on the proper schedule level, the state makes up the difference.

According to the Guaranteed Tax Base, another capacity-equalizing alternative, the state provides revenues that make up the difference between the yield of a district's actual tax base and that of a hypothetical guaranteed tax base.

Under a third capacity-equalization formula, Percentage Equalizing, the state sets a percentage of educational expenditures that it would support in a district of average wealth, and the proportion of support provided to any one district varies according to the wealth of that district.

The ultimate equalization alternative is to have the state assume total responsibility for school financing, with education in individual districts funded according to need rather than property wealth. In New Mexico and Hawaii, the state picks up such a large percentage of the tab—over 85 percent—that, for practical purposes, this goal has been achieved.

The Poor Get Poorer

While some states are trying to erase funding inequities, the Reagan administration's block-grant program aggravates them by shifting sorely needed funds from poor inner-city school districts to more affluent suburban and rural districts.

The National Committee for Citizens in Education has charged that block grants "have resulted in a massive redistribution of federal funds away from the states serving large numbers of poor, nonwhite children, toward more sparsely settled states with few minority children."

"Within states," the committee adds, "small school districts are gaining small amounts of money and urban districts are losing very large amounts."

These charges are based on a study, *No Strings Attached: An Interim Report on the New Education Block Grant,* conducted by the committee's Anne Henderson. She studied the administration of Chapter 2 in California, New Jersey, Ohio, Rhode Island, South Carolina, South Dakota, and Washington and also looked at national data and trends. She found that, under Chapter 2, the nation's 30 largest school districts have lost half the funds previously received as categorical grants. Almost 50 percent of the nation's minority children attend schools in these districts.

Henderson explained, in an interview, that districts trying to combat segregation have been hurt the most. She says that one of the largest programs folded into the Chapter 2 block grant was the Emergency School Aid Act (ESAA), a program developed specifically to aid districts in the implementation of federally approved desegregation plans.

"Under Chapter 2," says Henderson, "the government lost its leverage for encouraging desegregation because all

school districts get a share of the funds automatically. The money is no longer targeted but is spread all over the country. Large districts have been hurt the most."

States Control Allocations

Henderson also points out that when the states distribute block-grant money, large districts are at the mercy of whatever formula is chosen to control allocations. The formula must be based on enrollments, but can be weighted to provide extra help for districts with concentrations of students whose education costs are above average —generally special education students. She reports that some states, such as Mississippi, scarcely weight their funds, while others, such as New Jersey, weight special needs rather heavily. She cites New Jersey as exemplary in this regard, because it allocates 70 percent of available funds for special needs and adds a desegregation factor to the formula.

"Superintendents love the block-grant program," says Henderson. "They don't have to do a thing, and the money rolls in. But we don't have a lot of money to spend on education these days. To send it out with no regard to need or accountability is very poor public policy. States should distribute the money according to need, and there should be a public needs assessment so they can be held accountable."

Henderson adds that "the program is designed in such a way that states with large needy populations, no matter how heavily they try to weight their local aid formulas, cannot possibly make up for the huge losses their urban districts have suffered."

Goertz fears that the drive for equity in school funding is also threatened by the excellence movement. "Excellence is a shift in the agenda," says Goertz. "There was an equity agenda in the late '60s and '70s. Twenty-eight states changed their funding formulas. By '78 people got tired of it and thought it had been completed. Some blamed equity for the 'rising tide of mediocrity.' Some people felt ignored by public policy. There is a different political coalition pushing excellence. Pressure comes from the business community, concerned with international competition. There is concern that equity and excellence programs will compete for funds. Some argue that programs targeted for excellence put money in wealthy communities and fear that flat grant programs will be developed with no concern for the wealth of districts. But the two concepts are not inherently in conflict. We want equity and excellence as well. Issues of equity can't be separated from issues of quality."

TAX CREDITS AND VOUCHERS

There are those who argue that excellence with equity can be achieved by a radical restructuring of the education financing system. They advocate placing fiscal control of education in the hands of the people, rather than the local, state, or federal governments and advance various schemes for tuition tax credits or educational vouchers that will enable Americans to decide how their children will be educated with minimal interference from the government. Many spokesmen argue that forcing all schools—public and private—to compete for students will encourage them all to raise educational standards.

In 1978 the U.S. House of Representatives passed a tuition tax credit proposal that would have allowed parents to deduct a small share of tuition expenses for private elementary or secondary schools or for college. Although the amount was only $250 to $500, it would have opened a wedge that could have been expanded in the future.

Church and State

Opposition was strong, however. Goertz et al., in *Politicians, Judges and City Schools*, write, "Opponents point out that even a $250 rebate would provide more federal aid to private schools per pupil than the current federal programs provide to public schools, and that projections indicated that many of the beneficiaries would be those with higher incomes."

Moreover, civil liberties groups argued that tuition tax credits, in providing a subsidy to parents of parochial school children, would violate the constitutional separation of church and state.

Senators Daniel Moynihan (D-N.Y.) and Robert Packwood (R-Ore.) led the fight for passage of tuition tax credits in the Senate, but the bill was defeated in 1978 in the face of a veto threat from President Carter.

President Reagan, however, supports tuition tax credits and has given full backing to continued Congressional attempts to pass such laws. While none of the tuition tax credit plans advanced so far has cleared Congress, the movement received a shot in the arm in June 1983 when the Supreme Court, in *Mueller v. Allen*, upheld the constitutionality of Minnesota's 28-year-old law permitting tax deductions for tuition, textbook, and transportation costs. The court ruled, 5 to 4, that the state had avoided unconstitutional promotion of religion because it provided deductions to parents who paid to send their children to public schools outside their district as well as to parents of private school children.

Even though the overwhelming number of families affected by the law send their children to private schools, and although 95 percent of those children attend schools with a religious affiliation, Justice William Rehnquist, writing for the majority, said the law "neutrally provides state assistance to a broad spectrum of citizens."

Observers expect other states to pass "Mueller-style" legislation, and Minnesota has already increased its allowable deductions from $500 to $850 for elementary school costs and from $700 to $1,190 for secondary school costs.

A steadily increasing number of educators and lawmakers, however, advocate a funding alternative far more radical than tuition tax credits. They advocate various types of voucher plans,

all of which essentially enable the government to allocate credit for a specified amount of money that parents can spend to educate their children at any school of their choice, public or private.

Power to the People

Advocates trace the voucher concept back to the writing of John Stuart Mill in the 19th century. Perhaps the most prominent spokesman for vouchers is conservative economist Milton Friedman. Friedman wants to eliminate what he considers government intrusion into education.

"Formal schooling is today paid for and almost entirely administered by governmental bodies or nonprofit institutions," he writes in *Capitalism and Freedom*. "This situation has developed gradually and is now taken so much for granted that little explicit attention is any longer directed to the reasons for the special treatment of schooling even in countries that are predominantly free enterprise in organization and philosophy. The result has been an indiscriminate extension of governmental philosophy."

In the popular press, and in most political circles, voucher plans are generally assumed to be expressions of this kind of conservative attitude towards the role of government. The issue actually is far more complex, however, because many of the most influential advocates of school vouchers have impeccable liberal credentials.

Judith Areen and Christopher Jencks outline, in their 1972 essay, "Education Vouchers: A Proposal for Diversity and Choice," a voucher system that would tailor education to individual needs. "A voucher system," they write, "seeks to free schools from the restrictions which inevitably accompany their present monopolistic privileges. The idea of the system is relatively simple. A publicly accountable agency would issue a voucher to parents. The parents could take this voucher to any school which agreed to abide by the rules of the voucher system. Each school would turn its vouchers in for cash. Thus parents would no longer be forced to send their children to the school around the corner simply because it was around the corner.

"Even if no new schools were established under a voucher system, the responsiveness of existing public schools would probably increase. We believe that one of the most important advantages of a voucher system is that it would encourage diversity and choice *within the public system*. Indeed, if the public system were to begin matching students and schools on the basis of interest, rather than residence, one of the basic objectives of a voucher system would be met without even involving the private sector. Popular public schools would get more applicants, and they would also have incentives to accommodate them, since extra students would bring extra funds. Unpopular schools would have few students, and would either have to change their ways or close up and reopen under new management."

Public and Private Schools

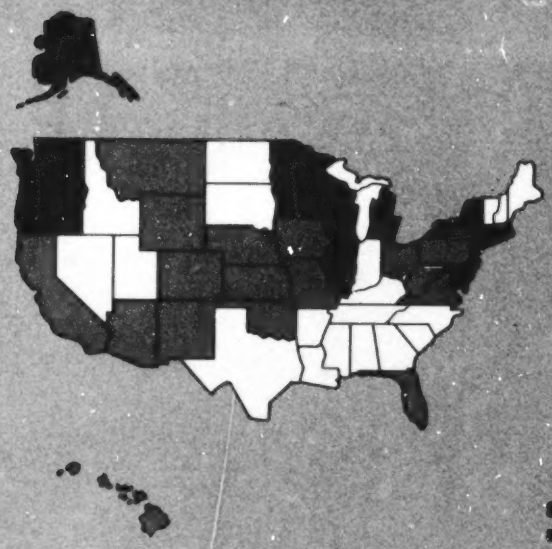
Although opponents have argued that vouchers would bolster exclusive private schools at the expense of public schools open to all, Areen and Jencks urge a reconsideration of traditional notions about what constitutes public and private schooling.

"Since the nineteenth century," they write, "we have classified schools as 'public' if they were owned and operated by a governmental body. . . . We call neighborhood schools 'public,' despite the fact that nobody outside the neighborhood can attend them, and nobody can move into the neighborhood unless he has white skin and a down payment on a $30,000 home."

Denis Doyle, director of Education Policies for the American Enterprise Institute, agrees. "What is the definition of public?" he asks. "Anything paid for by the government is public. Yet, very wealthy communities have highly closed wealthy schools. It is a system more elitist than any private school. It is exclusionary by real estate—more exclusionary than any private school."

John E. Coons and Stephen D. Sugarman have also advocated vouchers, for over a decade, as a means of making unrestricted educational choice possible for Americans of all incomes. They have argued for a plan they variously refer to as "family power equalizing" or the "quality choice model." Parents could choose among various schools operating at different costs

State Education Funding Prospects Through the Year 2000



States With Favorable Prospects	States With Average Prospects	States With Unfavorable Prospects
Alaska	Arizona	Alabama
Connecticut	California	Arkansas
Delaware	Colorado	Georgia
District of Columbia	Florida	Idaho
Illinois	Hawaii	Indiana
Maryland	Iowa	Kentucky
Massachusetts	Kansas	Louisiana
Michigan	Missouri	Maine
Minnesota	Montana	Mississippi
New Jersey	Nebraska	Nevada
New York	New Mexico	New Hampshire
Oregon	Ohio	North Carolina
Rhode Island	Oklahoma	North Dakota
Washington	Pennsylvania	South Carolina
Wisconsin	Virginia	South Dakota
	West Virginia	Tennessee
	Wyoming	Texas
		Utah
		Vermont

Source: "The Prospects for Financing Elementary/Secondary Education in the States," School Finance Project (Washington, D.C.: National Institute of Education, December 1982).

per pupil. The schools, whether formerly public or private, would receive all their income from the state. The family's choice would establish a special tax rate on their income. The tax would vary according to family earnings, so that all parents sending children to a particular school would be making a comparable financial effort.

Vouchers For the Poor

In *Education by Choice,* Coons and Sugarman explain that "a poor family might be expected to pay $200 per year for a $1,600 school, while the state provided the remaining $1,400; by contrast, a middle-class family might pay $800 to send a child to a $1,200 school while the state provided the remaining $400. Subsidies would be set so that the poor, in some meaningful sense, could afford the high-priced schools—indeed, any school—as easily as the rich."

Coons is currently organizing in California to get the half-million signatures needed to place a voucher proposition on the ballot. "The polls show strong support for such change—a very strong majority—particularly among Blacks, Chicanos, and even liberal Democrats."

Besides teachers' unions, much of the opposition comes from private schools. "Fancy private schools are opposed," he says, "because they are fat and have long waiting lists. They don't want competition from good free education."

He distinguishes his proposals from schemes advocated by those he calls "the Friedman voucher types" who are not interested in protecting low-income families through power-equalizing formulas. "We want a more sophisticated plan designed to improve public schools and to help low-income families," he says. "The division among pro-voucher forces makes our job more difficult."

Doyle suggests that vouchers could also be used to augment tuition tax credits. "I advocate both," he says. "Vouchers would be for those too poor to get tax credits. Many people pay no taxes, so they couldn't receive tax credits."

In November 1983, Representative John

Brandl, assistant majority leader of the Minnesota House of Representatives, held hearings on a bill that would establish a voucher system to finance the education of low-income students. Brandl's plan would create state-financed vouchers that students from families whose income did not exceed 130 percent of the federal poverty guidelines could apply toward tuition and fees at eligible private schools or high quality public schools outside their district. The vouchers would range from $1,000 to $2,800 per pupil depending on grade level and other characteristics. Brandl is confident that allocating vouchers for public as well as private schools will overcome constitutional challenges because of the precedent set by the Mueller decision.

Brandl says that his hearings attracted a broad array of favorable witnesses, including Black and Chicano leaders and the superintendent of the Edina School System, a wealthy district in suburban Minneapolis. He explains that, because enrollments have been declining in Edina, the superintendent looked forward to the possibility of being able to attract students from Minneapolis.

Brandl, who characterizes himself as a liberal Democrat, argues that the bill will help improve the education of the poor and promote ethnic and economic diversity in the schools. He adds, "The schools will have to pick students by lot if they don't have enough space for all applicants. In this way they will not be able to use the system merely to skim off the best students."

He concedes that the voucher would cover only part of the costs of attending the most exclusive private schools, but adds that if costs exceed the amount of the voucher, particpating schools would have to absorb them.

An economics professor at the University of Minnesota, Brandl sees vouchers as a way to make schools more accountable. "People are dissatisfied with the schools and want more control," he says. "Choice is a means of attaining accountability. People will choose to go to schools that satisfy them."

Looking at the political scene in Minnesota and elsewhere, Doyle says, "The right will be unable to mobilize this issue. The impetus will come from the left. This is why the Brandl initiative is so interesting. His liberal credentials are unimpeachable."

Federal Voucher Plans

Perhaps Doyle's prediction will be borne out if Brandl's plan meets with more success than President Reagan's 1983 proposal to distribute 1984 Chapter 1 remedial math and reading funds for low-income students in the form of vouchers. The president's proposal would have enabled parents to purchase compensatory education services at the public or private school of their choice. Currently the funds go to designated public schools with high concentrations of disadvantaged students.

Education Secretary Bell argued that some of these students would be better off in a more challenging educational environment and that the voucher plan would give their parents "a lot more clout" in finding the best school for their children.

At present Chapter 1 funding levels, the voucher would be relatively small—only about $500. Nevertheless, voucher advocates were supportive. Doyle, in fact, called the proposal "the most promising federal education proposal since 1965."

Congressional reaction, however, has been very cool. Hearings were held last spring, and both opposition and support cut across party lines. Enough opposition surfaced, however, to render the probability of passage anytime in the near future highly unlikely.

Americans United for Separation of Church and State argues that voucher plans, by forcing taxpayers to support sectarian schools, would "violate the right of every person to contribute only to the religious institutions of his or her free choice."

The organizaton also warns of "the balkanization of education into narrow sectarian, political, ideological, racial, sexist, academic level, class, and possibly ethnic enclaves."

"The advocates of voucher plans," it argues, "for the most part, are insensitive to church-state separation and are hostile to religiously neutral schools."

It also points out that a nationwide voucher system would increase taxes enormously because taxpayers would have

to pay for the education of students now paying their own way at parochial and private schools.

Perhaps, however, the fact that vouchers and tuition tax credits, once regarded as crackpot schemes, are now being seriously considered suggests how desperate some perceive the condition of public education to be.

RENEWED COMMITMENT

Nevertheless, the increasing evidence of a renewed commitment to educational excellence on the part of both public officials and everyday citizens suggests that such drastic remedies might be premature. The various commission reports on revitalizing American education have helped redirect public priorities away from cutting taxes and towards educational quality, as is reflected in the rejection of anti-tax initiatives in Ohio. In some areas, school districts have adopted business-management techniques that will enable them to increase revenue without increasing taxes.

Whatever happens at the district level, however, the consensus seems to be that the states are best situated economically and politically to reverse the decline in education. Some have begun to act, while many others are considering ambitious reform proposals. It remains to be seen whether the reform momentum will continue to build or whether it will sputter out in a manner reminiscent of the education reforms that followed the launching of Sputnik in the late '50s.

Given the pragmatic American national character, perhaps the growing realization of America's declining position in world markets, dramatized in the National Commission on Excellence in Education's report, provides the best hope that the current excellence movement will have a permanent impact on America's system of public education.

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